

## Message Text

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ORIGIN PM-04

INFO OCT-01 AF-08 ISO-00 ACDA-07 L-03 OMB-01 H-01 DHA-02  
AID-05 IGA-02 NSC-05 SP-02 SS-15 /056 R

DRAFTED BY PM/SAS:DHESTER:RF  
APPROVED BY PM/SAS:ASKOCHANЕК  
AF/W - DKILLION  
TREASURY - CCROSSWHITE  
L/PM - JMICHEL (SUBS)  
OMB - PSCHLUETER  
H - DGELBER  
DOD/DSAA - PSOMMER  
D/HA - KHILL AF/I-FWIRKUS(INFO)  
ACDA - RHARKAVY

-----160658Z 051670 /15

R 152304Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY DAKAR  
INFO SECDEF  
TREASURY  
USCINCEUR

C O N F I D E N T I A L STATE 057787

E.O. 11652: GDS

TAGS:MASS, SG

SUBJECT: FY 1977 FMS FINANCING PROGRAM FOR SENEGAL

REF: A) STATE 035099 B) DAKAR 5060 DTG 061755Z AUG 76  
C) STATE 308154 DTG 2120:4Z DEC 76

1. PURSUANT TO REF A , YOU ARE AUTHORIZED TO INFORM GOS  
THAT USG IS PREPARED TO OFFER SENEGAL \$8 MILLION IN FY  
1977 FMS FINANCING FOR PROCUREMENT OF MILITARY ENGINEERING  
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EQUIPMENT. THIS FINANCING WILL BE PROVIDED AS GUARANTEED  
LOAN FROM FEDERAL FINANCING BANK (FFB), WHICH IS  
INSTRUMENTALITY OF USG UNDER DIRECTION OF SECRETARY OF  
TREASURY. DEPARTMENT OF DEFENSE WILL PROVIDE GUARANTY TO  
FFB UNDER AUTHORITY OF SECTION 24 OF ARMS EXPORT CONTROL  
ACT. SECTION 24 ALSO REQUIRES GOS TO PAY GUARANTY FEE --  
(IN THIS CASE \$20,000 WHEN LOAN IS SIGNED).

2. IN EFFORT TO ACCOMMODATE GOS DESIRE FOR LIBERAL FINANCING TERMS, THIS LOAN IS OFFERED WITH REPAYMENT PERIOD OF 12 YEARS, INCLUDING GRACE PERIOD OF 3 YEARS BEFORE COMMENCEMENT OF PRINCIPAL REPAYMENT. AS NOTED REF A, THESE REPAYMENT AND GRACE PERIODS REPRESENT CONCESSIONAL ELEMENTS BECAUSE MOST FMS LOANS RANGE FROM 5 TO 10 YEARS

AND HAVE ONLY 6 TO 24 MONTH GRACE PERIOD. FFB WILL ESTABLISH FIXED INTEREST RATE FOR EACH ADVANCE OF FUNDS. THIS RATE WILL BE BASED ON COST OF MONEY TO USG ON DAY ADVANCED PLUS FRACTIONAL PERCENTAGE (CURRENTLY 0.125 ) TO COVER RISK, RESERVE, AND ADMINISTRATIVE COSTS. AFTER LAST DISBURSEMENT, FFB WILL ESTABLISH SINGLE WEIGHTED AVERAGE INTEREST RATE FOR SUBSEQUENT APPLICATION AGAINST ALL PRINCIPAL OUTSTANDING. INTEREST ON OUTSTANDING PRINCIPAL WILL BE PAID EACH MAY 15 AND NOVEMBER 15, COMMENCING NOVEMBER 15, 1977. PRINCIPAL WILL BE REPAYED IN 19 CONSECUTIVE SEMIANNUAL PAYMENTS (EACH MAY 15 AND NOVEMBER 15) COMMENCING MAY 15, 1980. FIRST 18 PRINCIPAL PAYMENTS WILL BE \$421,000 EACH FOLLOWED BY LAST PAYMENT OF \$422,000 ON MAY 15, 1989. OTHER TERMS OF LOAN WILL BE DETERMINED BY FFB.

3. ACTION REQUESTED: IN ORDER TO COMPLETE REQUIRED PREPARATIONS FOR LOAN AND BE IN POSITION TO UNDERTAKE DESIRED CONGRESSIONAL CONSULTATIONS, REQUEST EMBASSY OBTAIN FROM GOS ITS PRIORITY LIST OF ENGINEERING ITEMS AND THEIR ASSOCIATED APPROXIMATE COSTS TO BE FINANCED  
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UNDER LOAN AGREEMENT. SELECTION WILL PRESUMABLY BE DRAWN FROM LIST CONTAINED REF B. REF C PROVIDED OVERVIEW OF CURRENT POLICY ON USE OF FMS FINANCING. ADDITIONALLY, FMS FINANCING CAN ONLY BE USED TO PURCHASE DEFENSE ARTICLES AND SERVICES (ENGINEERING EQUIPMENT QUALIFIES) OF US ORIGIN; FMS FINANCING IS NOT AVAILABLE TO PURCHASE NON-US ORIGIN ITEMS OR SERVICES, US ITEMS ASSEMBLED OUTSIDE OF US, OR LOCAL COSTS FOR ASSEMBLYING US ORIGIN ITEMS.

4. FYI: IF ADVANCES WERE MADE AT THIS TIME, RATE OF INTEREST WOULD BE IN RANGE OF 7.5 PCT TO 8.0 PCT  
END FYI.  
VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY EQUIPMENT, MILITARY SALES, LOAN GUARANTEES, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 15-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE057787  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DHESTER:RF  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770089-0866  
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**Office:** ORIGIN PM  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 35099, 77 DAKAR 5060  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 3100022  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FY 1977 FMS FINANCING PROGRAM FOR SENEGAL  
**TAGS:** MASS, SG, US  
**To:** DAKAR  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/3c0181b7-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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